

STAT

9 February 1983

MEMORANDUM FOR: George Tavlas
 STAT Department of State
 EB/PAS

FROM : 
 Economic Issues Branch
 European Issues Division

SUBJECT : Impact of U.S. Growth on LDC Exports

1. Per your telephoned request of 8 February 1983, the CIA's Linked Policy Impact Model, LPIM, was simulated to estimate the impact of US economic growth on LDC exports. In this simulation, US real GNP was forced up 1% in 1983, 1984, and 1985 from a baseline estimate. Due to linkages within the model, US growth forces up growth in the rest of the OECD by about one-fourth of a percentage point in each year, thus giving an additional indirect boost to LDC exports.

2. The volume of LDC merchandise exports increases roughly 1 percent for each percent increase in US GNP, although the three major categories of LDC exports estimated by the model behave differently (See Table 1).

Table 1
 Estimated Change in LDC Exports Stemming from a 1 Percent
 Increase in US Real GNP
 (Percent Change from Baseline Estimate)

	Total LDC Exports of Goods	Total Non-OPEC LDC Exports of Goods	Non-OPEC LDC Exports of Goods Except Fuel	Non-OPEC LDC Exports of Fuel	OPEC Exports of Fuel
Year 1	.85	.67	.61	1.67	1.32
2	.96	.80	.75	1.73	1.41
3	1.05	.90	.85	1.86	1.54

3. If you have any questions concerning these estimates, 

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